

Financial Focus

Changing Jobs Or Retiring? Consider IRA Rollover

By Edwards Jones

In the near future, are you going to change jobs or retire? If so, then you'll have a lot of things to think about. And one of the most important considerations is what to do with the money you've accumulated in your employer's 401(k) plan. While you have a few options, your best choice may be to roll over your 401(k) money into an IRA – so you'll want to know, in advance, what's involved in this move.

By rolling over the taxable portion of your 401(k) – your pre-tax contributions, employer contributions and all earnings – into a new or existing IRA, you'll gain some key advantages. First, you'll avoid all immediate taxes and penalties. Second, you'll continue to benefit from tax deferral. And third, IRAs offer you a wide variety of investment options.

Eventually, though, you'll have to decide what to do with your IRA. You can start taking withdrawals at age 59-1/2 without having to pay a 10 percent penalty tax. But suppose you've built up a considerable balance in your traditional IRA, and you don't think you'll need to use it all to help pay for your retirement. Can you pass on your IRA's tax deferral to your children?

Yes, you can – through the concept of the "stretch" or "multi-generational" IRA. To understand how the stretch IRA works, you need to know one of the rules governing traditional IRAs – specifically, you have to start taking "required minimum distributions" at age 70 1/2. In recent years, the IRS changed the life expectancy factors used to determine your required minimum distribution calculations. Consequently, you can now take out smaller amounts of money from your IRA, which allows you to extend the number of years your IRA money has the potential to grow tax-deferred.

Obviously, the revised life expectancy rules will positively affect how much of your IRA money you can leave to your children. But the rule changes also permit your children, once they inherit your IRA, to base their minimum required distributions on their life expectancies. So, if they are in their early middle-aged years when they receive your IRA, they can take out relatively small amounts, thereby avoiding big tax hits. And, if their situation allows, they can then leave the IRA to their children, who can continue to enjoy the benefits of tax deferral.

Rollover to Roth IRA

Until recently, you couldn't roll

over a 401(k) directly to a Roth IRA – first, you had to roll over the 401(k) to a traditional IRA and then convert the traditional IRA to a Roth and pay tax on the conversion.

But new tax laws allow you to make direct rollovers to a Roth IRA, starting in 2008. You'll still have to pay taxes on the converted amount, but you – and your children or grandchildren – might come out ahead in the long run, because Roth IRA earnings have the potential to grow tax-free, provided certain requirements are met. You'll need to consult with your tax advisor to make sure you are eligible to open a Roth IRA.

Keep your 401(k) working for you

Before you change jobs or retire, consult with your financial advisor and tax professional on whether an IRA rollover makes sense for you. You worked hard for your 401(k) funds – so keep them working for you.

Graduates



Hilary DeShong graduated with summa cum laude honors from West Virginia University during the commencement exercises held on May 17, 2009. She earned her Bachelor of Science degree in psychology with a minor in communication studies.

While attending West Virginia University she was a member of Phi Kappa Phi Honor Society, National Society of Collegiate Scholars, Golden Key International Honor Society and Psi Chi Psychology Honor Society. She was inducted into the prestigious Phi Beta Kappa Society on May 16, 2009.

She will be attending Villanova University this fall pursuing her masters in psychology.

Hilary is the daughter of Shawn and Cammy DeShong of McConnellsburg and a 2005 graduate of McConnellsburg High School.

FIND IT FAST IN THE CLASSIFIEDS!

Celebrates First State Court Again Strikes Down Philly Gun Laws



Gaven Elisha Mellott celebrated his first birthday on March 25, 2009. Gaven is the son of Justin Mellott and the grandson of Denny and Denise Mellott. His great-grandparents are John and Ruth Smith and Jack and Molly Shaw.

Gaven celebrated his birthday with his family and friends and would like to thank everyone for his presents. He really enjoyed his special day.

Cards Of Thanks

GORDON

Thanks to all who celebrated our 50th wedding anniversary with us Sunday, June 14, at Sideling Hill Christian Church where we were married June 13, 1959.

We enjoyed the celebration and appreciated the kindness expressed by your presence, your cards, gifts, greetings and phone calls.

Our memories of friends and family are truly the most treasured heirlooms in our lives.

May you also receive our gratitude for the donations made in our honor to the Needmore Bible Church.

Blaine and Donna Gordon

HORNE

The family of Nancy E. Horne would like to thank everyone for their many cards, thoughts, prayers and generosity during their time of loss. Your outpouring of love and kindness was greatly appreciated.

Thank you and may God richly bless you all.

Nancy E. Horne

A wife to one

A mother to two

A teacher to all

The Horne and Appleby families

By Patrick Walters
ASSOCIATED PRESS WRITER
PHILADELPHIA (AP) – A state appeals court ruled Wednesday that the city cannot enforce an assault weapons ban and a law prohibiting guns bought by one person and given to another, measures passed by City Council in an effort to combat persistent gun violence.

The 6-1 ruling marked the latest setback for Philadelphia officials, who have fought for years for the right to pass their own gun legislation. The Pennsylvania Supreme Court has previously upheld the state's exclusive right to enact gun laws.

The National Rifle Association challenged a series of measures that were passed by City Council in April 2008 and signed by Mayor Michael Nutter. Both sides expect the case to end up before the state's highest court again.

In Thursday's ruling, the Commonwealth Court said the city could not ban assault weapons or pass the law prohibiting straw purchases, in which one person fills out forms and buys a gun for someone else – often convicted felons who can't legally own guns.

In a dissenting opinion, Commonwealth Judge Doris A. Smith-Ribner asserted the city does have the right to pass its own gun laws, citing the hundreds of residents killed by gun violence every year.

The whole court also ruled that the NRA lacked standing in challenges to three other measures, saying the plaintiffs failed to show that they suffered "injury."

Those three laws require gun owners to report lost or stolen guns within 48 hours; allow police to confiscate guns from people who are considered a danger; and prohibit anyone subject to a protection-from-abuse order from possessing a gun. Only the lost-or-stolen gun ordinance is currently being enforced.

Shields said those laws had already been invalidated by a ruling in a separate lawsuit. But Richard Feder, an attorney for the city, said he disagreed with that assessment; he said the city had not yet had a chance to defend those laws in court.

"The Supreme Court will sort this all out, eventually," Feder said.

In September, the Commonwealth Court threw out a separate lawsuit about Philadelphia's ability to pass its own gun laws. That suit, filed by two City Council members, sought to have a court declare that the city could pass its own firearms laws.

A 1974 state law says that only the General Assembly can regulate guns; but the Philadelphia case is being watched by other cities in the state, including several that have passed measures requiring gun owners to report lost or stolen guns.

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